

294 - PROPERTY AND CASUALTY RISK INTERNAL SERVICE FUND

Operational Summary

Description:

The Property & Casualty Risk Internal Service Fund is a division of the CEO/Office of Risk Management whose mission is to preserve and protect the human and capital assets of the County of Orange.

Strategic Goals:

- It is the goal of the Property & Casualty Risk Internal Service Fund to reduce costs associated with property damage, personal injury, and litigation. This goal is achieved by acquiring commercial insurance, effective liability claims management, prudent administration of the self-insured Liability Program, and providing risk assessment and risk avoidance consultation services to all County departments.

Key Outcome Indicators:

Performance Measure	2004 Business Plan	2005 Business Plan	How are we doing?
	Results	Target	
RELATIVE COST OF LIABILITY CLAIMS AND INSURANCE PROGRAM. What: Shows the total expenditures of this program as a percent of total county expenditures. Why: Provides a constant measure of costs for all County departments.	Cost of Liability Claims and Insurance Program was .54% of total county expenditures.	Remain 1% of total county expenditures.	Liability Claims and Insurance Program costs for FY 2003-2004 were .54% of total county expenditures, far less than the benchmark.

FY 2004-05 Key Project Accomplishments:

- Successfully placed all required commercial insurance for diverse and complex county needs.
- Increased insurance consultations and support in contract protections, insurance requirements, and program design to reduce risk of loss and cost.
- Obtained Board of Supervisors approval to purchase volunteer insurance to limit the County's liability exposure.

294 - Property and Casualty Risk Internal Service Fund

Operation of Internal Service Fund Operational Statement for the Fiscal Year 2005-2006

		FY 2003-2004	FY 2004-2005	FY 2005-2006	FY 2005-2006
Operating Detail		Actual	Actual	Proposed Budget	Final Budget
(1)		(2)	(3)	(4)	(5)
OPERATING INCOME					
7710	Insurance Premiums	14,143,730	16,123,553	19,648,066	19,648,066
Total OPERATING INCOME		14,143,730	16,123,553	19,648,066	19,648,066
OPERATING EXPENSES					
Salaries & Benefits					
0100	Salaries and Wages	1,483	34,331	0	0
0101	Regular Salaries	688,754	709,620	733,174	733,174
0102	Extra Help	0	81	0	0
0103	Overtime	3,928	3,200	5,000	5,000
0104	Annual Leave Payoffs	32,009	4,576	52,924	52,924
0110	Performance Incentive Pay	738	149	6,596	6,596
0200	Retirement	83,085	109,243	126,700	126,700
0301	Unemployment Insurance	1,134	(779)	1,089	1,089
0305	Salary Continuance Insurance	1,918	1,842	1,948	1,948
0306	Health Insurance	87,535	81,468	82,668	82,668
0308	Dental Insurance	3,679	3,391	3,648	3,648
0309	Life Insurance	606	768	768	768
0310	Accidental Death and Dismemberment Insurance	111	136	144	144
0319	Other Insurance	5,107	4,973	4,992	4,992
0352	Workers Compensation - General	4,836	11,088	6,664	6,664
0401	Medicare	7,730	6,681	7,187	7,187
Total Salaries & Benefits		922,653	970,767	1,033,502	1,033,502
Services & Supplies					
0700	Communications	1,770	473	20,000	20,000
0701	Telephone/Telegraph - Interfund Transfer	11,805	10,497	0	0
1000	Household Expense	0	11,828	17,000	17,000
1001	Household Expense - Trash	0	303	0	0
1100	Insurance	9,818,279	8,894,939	10,222,540	10,222,540
1300	Maintenance - Equipment	35	873	4,000	4,000
1400	Maintenance - Buildings and Improvements	304	10,013	30,000	30,000
1402	Minor Alterations and Improvements	1,037	11,495	0	0
1600	Memberships	570	955	2,000	2,000
1800	Office Expense	14,530	16,296	30,000	30,000

Operation of Internal Service Fund Operational Statement for the Fiscal Year 2005-2006

		FY 2003-2004	FY 2004-2005	FY 2005-2006	FY 2005-2006
Operating Detail		Actual	Actual	Proposed Budget	Final Budget
(1)	(2)	(3)	(4)	(5)	
1801	Duplicating Services (RDMD/ Reprographics)	1,006	662	0	0
1802	Periodicals and Journals	1,024	830	0	0
1803	Postage	1,800	1,812	0	0
1809	Minor Office Equipment to be Controlled	1,450	467	45,000	45,000
1900	Professional and Specialized Services	146,141	110,162	401,840	401,840
1901	Data Processing Services	3,576	1,019	0	0
1911	CWCAP Charges	156,150	103,838	190,200	190,200
2100	Rents and Leases - Equipment	15,274	12,201	13,000	13,000
2200	Rents and Leases - Buildings and Improvements	2,660	2,880	5,000	5,000
2400	Special Departmental Expense	2,149	4,087	10,000	10,000
2405	Optional Benefit Plan	12,000	11,000	12,000	12,000
2600	Transportation and Travel - General	0	0	500	500
2601	Private Auto Mileage	0	6	0	0
2700	Transportation and Travel - Meetings/ Conferences	1,064	3,225	5,000	5,000
2800	Utilities	0	4,176	8,000	8,000
2801	Utilities - Purchased Electricity	0	4,675	12,000	12,000
2802	Utilities - Purchased Gas	0	4	50	50
2803	Utilities - Purchased Water	0	161	300	300
2890	Intra-Agency Services & Supplies Billing Offsets	(3,014)	(3,524)	(4,109)	(4,109)
Total Services & Supplies		10,189,610	9,215,352	11,024,321	11,024,321
Other Charges					
3500	Judgments and Damages*	9,402,759	12,453,622	20,795,491	20,795,491
Total Other Charges		9,402,759	12,453,622	20,795,491	20,795,491
Fixed Assets					
4000	Equipment	0	0	200,000	200,000
Total Fixed Assets		0	0	200,000	200,000
Miscellaneous					
5300	Depreciation	1,089	1,089	1,089	1,089
Total Miscellaneous		1,089	1,089	1,089	1,089
Total Operating Expenses		20,516,111	22,640,830	33,054,403	33,054,403
Net Operating Income (Loss)**		(6,372,381)	(6,517,277)	(13,406,337)	(13,406,337)
NON-OPERATING REVENUE					

Operation of Internal Service Fund Operational Statement for the Fiscal Year 2005-2006

		FY 2003-2004	FY 2004-2005	FY 2005-2006	FY 2005-2006
Operating Detail		Actual	Actual	Proposed Budget	Final Budget
(1)	(2)	(3)	(4)	(5)	
6610	Interest	388,928	566,783	550,000	550,000
7670	Miscellaneous Revenue	372,912	223,666	300,000	300,000
7680	Six-Month Expired (Outlawed) Checks	100	1,944	0	0
Total Non-Operating Revenue		761,940	792,393	850,000	850,000
NON-OPERATING EXPENSES					
1912	Investment Administrative Fees	29,967	22,861	50,000	50,000
Total Non-Operating Expenses		29,967	22,861	50,000	50,000
Net Non-Operating Income (Loss)		731,973	769,532	800,000	800,000
Income (Loss) Before Contributions & Transfers***		(5,640,408)	(5,747,745)	(12,606,337)	(12,606,337)
FIXED ASSET EXPENDITURES					
4000	Equipment	0	0	200,000	200,000
Total Fixed Asset Expenditures		0	0	200,000	200,000
STATEMENT OF CHANGES IN NET ASSETS - UNRESTRICTED					
Income (Loss) Before Contributions & Transfers		(5,640,408)	(5,747,745)	(12,606,337)	(12,606,337)
4801	Interfund Transfers Out - to Funds 101-199	0	0	(50,000)	(50,000)
Changes to Reserves - Encumbrance - (Inc)/Dec.		2,254	2,298	0	0
Changes to Reserves - Net Assets, Invested in Capital Assets, Net of Related Debt (Inc)/Dec.		1,089	1,089	1,089	1,089
Increase (Decrease) in Net Assets - Unrestricted		(5,637,065)	(5,744,358)	(12,655,248)	(12,655,248)
Net Assets - Unrestricted - Beginning of Year		21,143,298	15,506,233	12,655,248	12,655,248
Net Assets - Unrestricted - End of Year		15,506,233	9,761,875	0	0

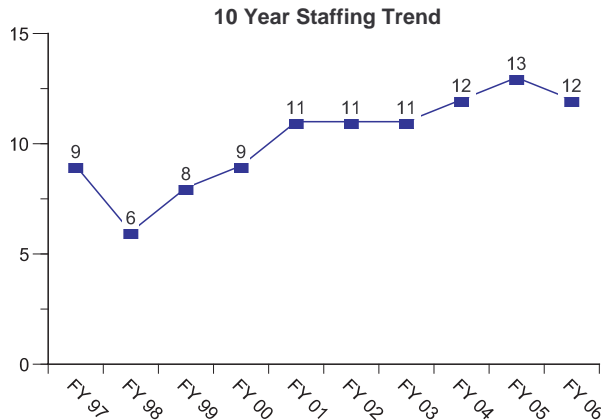
*Note - The County has adopted a policy of including in the fiscal year-end expense accruals an amount equal to claims "incurred but not reported" (IBNR) as well as reported claims.

**Note - Net Operating Loss is overstated in the 2005-06 Proposed and Approved Budget columns due to budgeted fixed asset expenditures that will be capitalized at year-end.

***Note - Loss Before Contributions and Transfers is overstated in the 2005-06 Proposed and Budget columns due to budgeted fixed asset expenditures that will be capitalized at year-end.

Property & Casualty Risk ISF - The Property & Casualty Risk ISF administers and manages the County's Liability Claims Management Program, the Insurance and Financial Management Program, and the Americans with Disabilities Act (ADA II) Compliance Program.

Ten Year Staffing Trend:



Ten Year Staffing Trend Highlights:

- In FY 2004-2005 a position was transferred to Resources and Development Management Department to support their insurance review process. Previous years staff increases were due to increased insurance consultations and support, increased fiscal analysis and reporting, shortened time frames for claim management and increasing responsibilities of the program.

Budget Summary

Plan for Support of the County's Strategic Priorities:

Support the overall mission of the County Executive Office and Strategic Financial Plan.

Final Budget History:

Sources and Uses	FY 2003-2004	FY 2004-2005	FY 2004-2005	FY 2005-2006	Change from FY 2004-2005	
	Actual Exp/Rev	Budget	Actual Exp/Rev ⁽¹⁾	Final Budget	Actual	Percent
Total Positions	13	12	12	12	0	0.00
Total Revenues	36,052,306	33,320,209	32,423,266	33,154,403	731,137	2.25
Total Requirements	20,546,076	33,320,299	22,663,690	33,154,403	10,490,713	46.29
Balance	15,506,230	(90)	9,759,576	0	(9,759,576)	-100.00

(1) Amounts include prior year expenditure and exclude current year encumbrance. Therefore, the totals listed above may not match Total FY 2004-05 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Property and Casualty Risk Internal Service Fund in the Appendix on page page 666

Highlights of Key Trends:

- The budgeted appropriations reflected above included unrestricted net assets.
- Complexity and diversity of liability claims continues to increase.
- The overall costs of commercial insurance is leveling in comparison to previous years insurance renewals.